



## Fiscal Stability, Cooperation Centerpieces of Sanders' Address

### *Mayor Charts Visionary Path to Restore Stability and Hope to City Government*

Mayor Jerry Sanders focused on his efforts to restore financial stability to the City during his 2008 State of the City Address. The Mayor emphasized that cooperation at all levels will be key to solving the City's problems. Speaking from the stage of the newly renovated Balboa Theatre in downtown San Diego, the Mayor described his path for restoring both stability and hope to City government in the year ahead.

### FINANCIAL STABILITY REMAINS AT CENTER STAGE

#### Five Year Outlook

A **Five Year Outlook** now guides the City's budgeting process. For the first time, the City is meaningfully investing in infrastructure and paying down its debts. During the current fiscal year, the City is dedicating an unprecedented \$102 million to these issues.

Tomorrow, the Mayor will unveil his plan to dedicate an additional \$146 million in FY09 to obligations that were previously under-funded or ignored.

This amount includes \$70 million for streets and roads. This represents a 3,000% increase in funding since Sanders took office.

#### **Solid record of Financial Accomplishments:**

- Instituted reforms resulting in savings of \$50 million per year, including permanently eliminating 670 positions.
  - Additional savings will come from the voter-approved Managed Competition process. Sixteen functions are now being considered with more to follow later this year.
- Received "clean" audit opinions for FY03, FY04 and FY05. Plan is to reaccess the bond market this year to finance key infrastructure improvements. And then have completed audits for FY06 and FY07 by the end of the year.
- Completed a settlement with the SEC and finished the Kroll investigation. The result of both are a completely new set of financial controls ensuring that the mistakes of the past can never happen again. To date, 65% of the Kroll recommendations have been implemented. One of the largest of the remediations is a new computer system which the City is currently implementing.
- Appointed the City's first ever Chief Financial Officer; crafted and then shepherded to passage two transparent and balanced City budgets that make us live within our means; and appointed new Internal Auditor.



- Established a retiree healthcare trust so that this \$1 billion obligation could be dealt with forthrightly.
- Overhauled the City's Real Estate Assets Department. Last year, the San Diego County Grand Jury praised the City's new approach to selling surplus properties.
- Successfully lobbied state and national leaders to give our region close to \$1 billion in new funds for emergency preparedness, for transportation infrastructure and for improving our environment. Prior to the Mayor taking office, the City received virtually no new funds from these authorities.

#### **Charter Changes Critical to City's Continued Fiscal Recovery**

The Mayor strongly supports a Charter Initiative that will:

- Establish an independent audit committee;
- Establish an internal auditor to oversee the City's financial reporting;
- Establish a real mayoral veto;
- Protect Public Safety from budget cuts; and
- Give voters the final say on the "strong mayor" form of government.

#### **SANDERS PREVIEWS UPCOMING LABOR NEGOTIATIONS**

This year, the City will have the historic opportunity to negotiate with all five of our employee unions at the same time. All issues will be on the table. Specifically, the Mayor will propose:

- A new pension system for new employees who are not sworn members of the police or fire departments – one that limits taxpayer liability.
- Elimination of the DROP program for current City employees that are not yet enrolled. These changes alone could save taxpayers millions of dollars.
- Further reducing the number of plans and insurers offered by the City. Last year, the City reduced the number of insurance plans (21 to 13) and insurers (10 to 7) resulting in cost savings for taxpayers.
- The Mayor will continue to fight to limit the impact of employee pension benefits on taxpayers:
  - Last year, the Mayor recommended an aggressive 20 year amortization schedule to the pension system (most pension systems have a 30 year schedule) so that the debt could be paid back quicker.
  - The Mayor also established and funded a retiree healthcare trust to forthrightly deal with this obligation.
  - The Mayor initiated litigation to resolve the issue of whether or not employees hired after July 1, 2005 were entitled to certain benefits thought to have been discontinued.

#### **CITY'S ECONOMIC PROSPERITY KEY TO FISCAL STABILITY**

The Mayor recommitted himself to growing the region's vibrant, healthy and diverse economy. As Co-Chair of the EDC's Partnership for a Global Economy, the Mayor charted a course to ensure that the region has an educated workforce, builds modern infrastructure and recruits or grows whole new industries.

Over the next year, the Mayor will:

- Continue to advance the expansion of the San Ysidro Border Crossing, the largest in the world. And the creation of a new commercial port of entry east of the existing Otay Mesa crossing. This effort will be done in conjunction with the leaders of Baja California.
- To date, the region has received over \$100 million from the state's Transportation Commission for these efforts.
- Ask for plans to expand the City's world-class Convention Center.

### **REGIONAL COOPERATION KEY TO EFFECTIVE EMERGENCY PREPAREDNESS**

Wildfires by and large do not start in the City of San Diego. Therefore, protecting the City will require regional cooperation. Supervisor Ron Roberts joined the Mayor to announce the formation of a multi-jurisdictional working group that they will co-chair.

Specifically, the committee will: create a regional game plan to include the highest priority needs and all possible funding options. The committee will also investigate the creation of a regional firefighting authority to direct firefighting efforts in San Diego County and to represent the region at the Southern California Multi-Agency Coordination Center in Riverside. Recommendations will be delivered no later than June 30th of this year.

The committee will include: County Supervisor Dianne Jacob; Poway Mayor Mickey Cafagna; Escondido Mayor Lori Holt-Pfeiler; Chula Vista Mayor Cheryl Cox; Chief Bill Metcalf of the North County Fire Protection District; San Diego Fire Chief Tracy Jarman; and Carlsbad Fire Chief Kevin Crawford.

#### **Sanders Committed To Fire-Rescue Department Funding:**

Since the Mayor took office, he has increased equipment funding for the San Diego Fire Rescue Department by 60%. These funds have allowed the department to: add 30 new vehicles to their fleet; outfit rigs with mobile computers; and purchase a new state-of-the-art radio systems so that they can communicate with each other and other fire agencies. The Mayor also proposed a second helicopter.

#### **In response to the fires, the Mayor:**

- Rapidly established the region's first Local Assistance Center to help those in need;
- Ensured that City infrastructure were repaired or replaced immediately;
- Obtained state funding to expeditiously clear away debris from burned out neighborhoods;

- and established a process to waive fees and help homeowners rebuild promptly.

### **SECURING RELIABLE WATER SUPPLIES PRIORITY FOR SANDERS**

The Mayor reiterated the responsibility of every San Diegan to conserve water. Because of our location, San Diego imports 85-90% of its water supplies. Water reliability from existing sources and new diverse sources of water are key priorities for the Mayor.

In order to secure water for the region, the Mayor called for a State Water Bond this year. One of the Mayor's priorities for that bond will be the concept of "conveyance" or ways to move water around problems areas in the Sacramento River Delta. (A recent federal court decision protecting an endangered species of fish in the Sacramento River Delta will result in a 12% reduction of water supplies to our City.)

- The Mayor will convene a Summit of Southern California mayors next Wednesday to advance this issue.

The Mayor will continue to pursue strategies aimed at the efficient use of the City's water resources.

- The Mayor proposed tying together four major regional reservoirs (El Capitan, Sweetwater/Loveland, San Vicente, and Murray) so that we can significantly increase our local storage capacity and have greater flexibility in utilizing water resources in times of drought.

The Mayor will continue exploring diverse and affordable new sources of water. Last year, the Mayor successfully pushed for passage of the Carlsbad Desalination project and appeared before the State Lands Commission and the Coastal Commission.

### **ENHANCING OUR ENVIRONMENT INCLUDED IN MAYOR'S REFORM AGENDA**

Under the Mayor's leadership, the City has:

- Adopted a comprehensive \$1.4 billion plan to repair the City's water and wastewater infrastructure.
- Adopted the City's first Recycling and Construction and Demolition Debris Ordinances, which will extend the useful life of our landfills and recycle millions more tons of material.
- Increased funding for storm water pollution prevention efforts by 85%; installed a solar power generation facility that helped cut 2 million lbs of CO2 emissions from City operations; increased energy efficiency at city buildings and park facilities; restricted City vehicles, which previously ran for hours, from unnecessary idling; and mandated that purchases of equipment and supplies be environmentally friendly.
- Championed a Cleantech (Clean Technology) Initiative that will help the City to promote the expansion, attraction and retention of businesses that develop products and technologies that provide environmentally sustainable solutions.
- **Later this month, the Mayor will launch a process to chart the future of Balboa Park, the crown jewel of the City's parks system.**